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The President's Daily Brief

December 17, 1974

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FOR THE PRESIDENT ONLY

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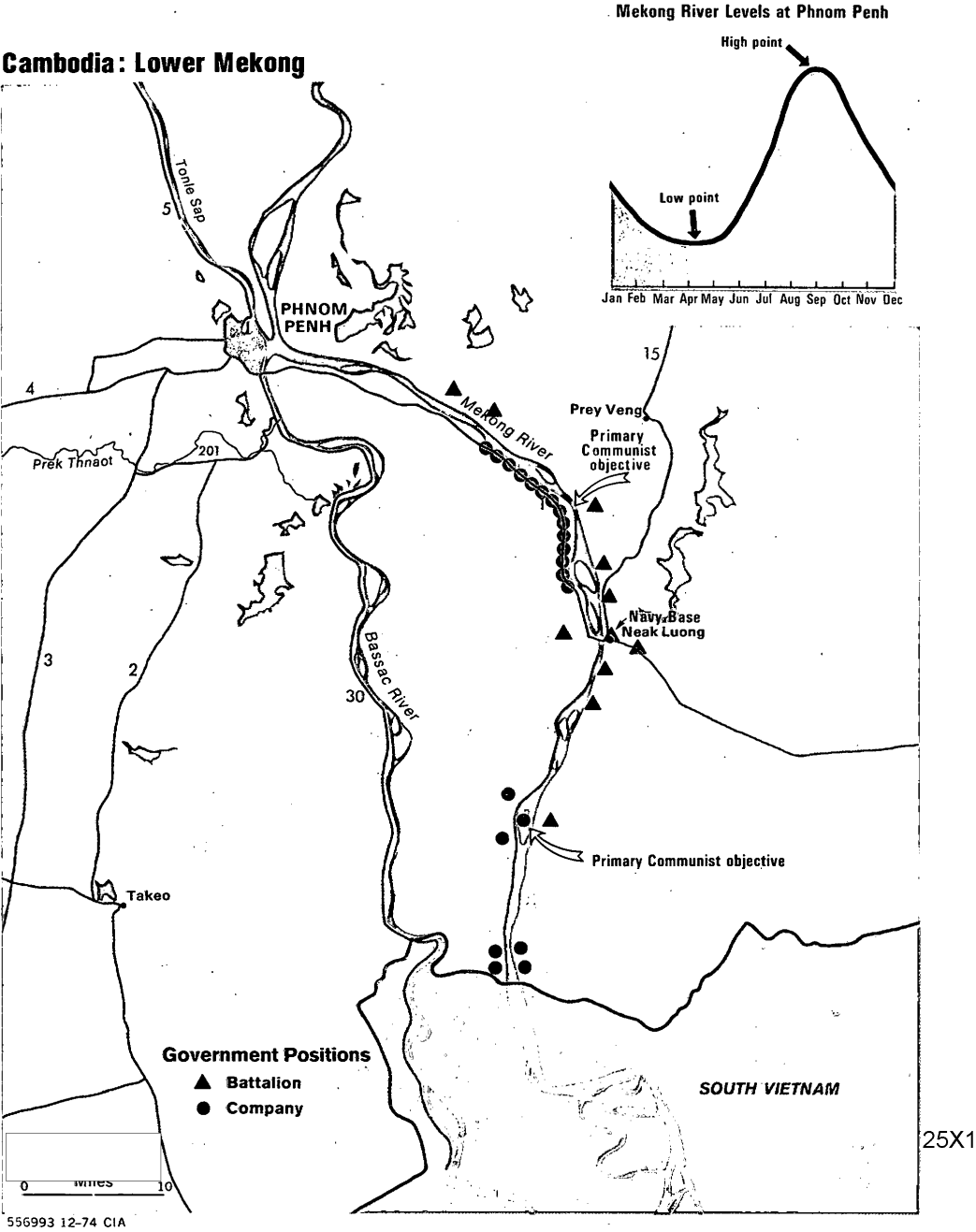
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Cambodia: Lower Mekong



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CAMBODIA

The Khmer communists are planning a major effort to interdict the Mekong River south of Phnom Penh during the next few months. This may turn out to be the most concerted communist attempt to cut this vital supply route since the spring of 1973.

Messages intercepted during the past month indicate the communists will commit the bulk of their forces in the southeastern part of the country--over 10,000 troops--to a series of attacks against government strongpoints along the 50-mile stretch of river between Phnom Penh and the South Vietnamese border. The major objective appears to be the elimination of government defenses guarding narrows 25 and 40 miles downstream from the capital. From these areas, the communists could shell government convoys at close range. They might also try to barricade the Mekong River as they did the Tonle Sap River last summer.

Although insurgent elements have already begun probing some government positions along the Mekong, many units scheduled to participate in the interdiction effort are still engaged in fighting along the Bassac River near Phnom Penh and around the provincial capital of Svay Rieng in the far southeast. These units will probably have to rest and refit before they can be committed to new efforts. Insurgent commanders may also want to wait until water levels drop further and riverside terrain dries out before implementing their attack plans. Details on the timing of the campaign may be disclosed following the conclusion of several tactical planning conferences currently under way.

Cambodian army commanders are aware of communist intentions and plan to make 1,700 reinforcements available to help man defenses along the Mekong. This will raise government troop strength along the river to over 8,000. The air force and navy are heavily committed both to escorting river convoys and to supporting ground units along the river.

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EGYPT

President Sadat, in his first public comment on negotiating prospects for some time, said on Sunday that he is continuing talks with the US to probe the usefulness of the step-by-step approach to peace negotiations favored by Washington.

Sadat was critical, however, of the "slack" in negotiating momentum since the Egyptian and Syrian disengagement agreements in January and May. He asserted that if progress is not soon evident, "We will be going to Geneva according to the Soviet theory." Sadat said he would make a decision on this in the "very near future."

His comments clearly indicate a desire to keep the step-by-step option open. He made no reference to Foreign Minister Fahmi's statement of last Friday, with its list of tough conditions for a final settlement.

Sadat's remarks also suggest that Cairo's patience is growing short. He had never before pointed so openly to the Soviet alternative to the US method of negotiating. His reference to the "very near future" may mean that he has Soviet party chief Brezhnev's visit next month in mind as a deadline for action.

Sadat referred to "rigid positions" recently adopted by the Israelis and said they have clouded his usual optimism. Although the Egyptians may be willing for the present to shelve their own new rigid positions--on immigration, for instance--Sadat's remarks suggest that this restraint may well depend on signs that Israel is willing to reciprocate.

An aide of Fahmi has told US officials in Cairo that there will be no official explanation of Fahmi's demand for an end to Israeli immigration. The aide termed the demand a "disaster" and said he hoped it would soon be forgotten.

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PALESTINIANS

Leaders of the Palestine Liberation Organization and its international backers are divided on the question of forming a Palestinian government-in-exile. As a result, PLO Chairman Arafat, who is favorably disposed toward such a step and has been weighing its possible advantages, appears likely to delay further.

The basic obstacle to the formation of a government-in-exile is the inability of the several fedayeen factions to agree on its composition or leadership. Arafat and other leaders of Fatah, the largest fedayeen group, would prefer a government in which nonfedayeen "independent" Palestinians play a substantial role. They are convinced such a group would be sympathetic to Fatah's relatively moderate policies.

Leaders of Saiqa, the Syrian-controlled fedayeen organization, and the Popular Democratic Front for the Liberation of Palestine, which has close ties to Moscow, would prefer a government drawn from the existing leadership of the PLO. These two groups endorse most Fatah policies, but are apprehensive that Arafat would use a government-in-exile to strengthen his and Fatah's position at their expense.

The more radical groups that cooperate under the label of the Rejection Front are generally opposed to a government-in-exile. They are convinced such an entity would seek to exclude them completely from Palestinian policy-making, and that it would abandon the Palestinians' rightful claims in order to win concessions from the US and Israel.

When Arafat visited Moscow recently, the Soviet Union reportedly advised against the formation of a government at this time. The Soviets, in principle, support the idea of a government-in-exile as a useful means of dignifying the PLO and its claims for eventual inclusion in formal peace negotiations. Moscow will not urge Arafat to create a provisional government, however, until the Palestinians themselves are able to agree on its composition and policies. Above all, the Soviets would like evidence that fedayeen sympathetic to Moscow's policies and susceptible to its influence will play a significant role in such a government.

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The moderate Arab states, which provide important backing to Arafat, may now also be lukewarm about forming a government at this time. Egypt and Saudi Arabia

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are said to be concerned that a government obviously dominated by the PLO would be unacceptable to the US, and that it would therefore prove an impediment rather than a step toward a Middle East settlement.

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Syria is now the most important proponent of a government-in-exile.

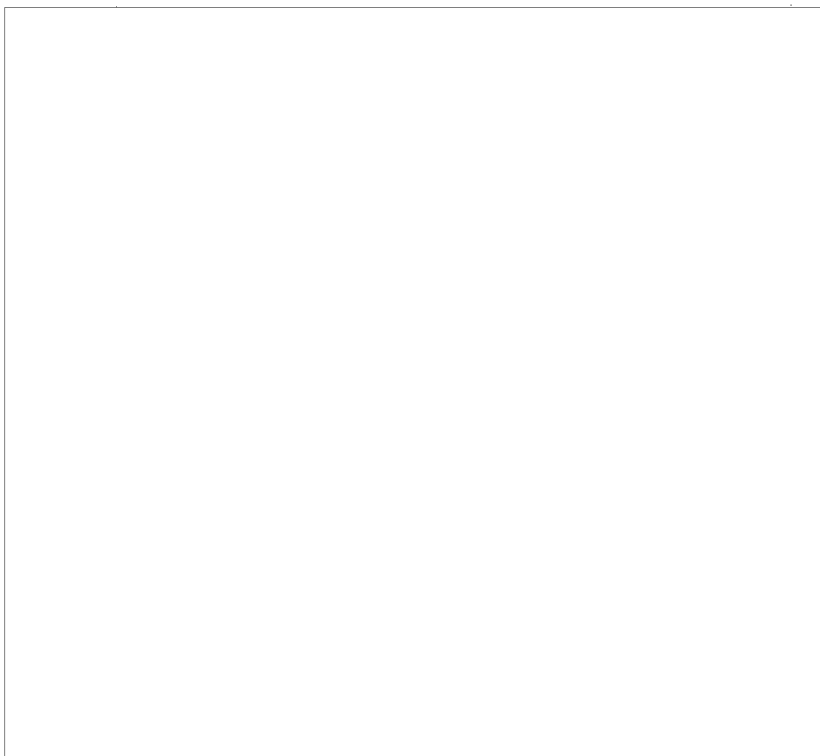
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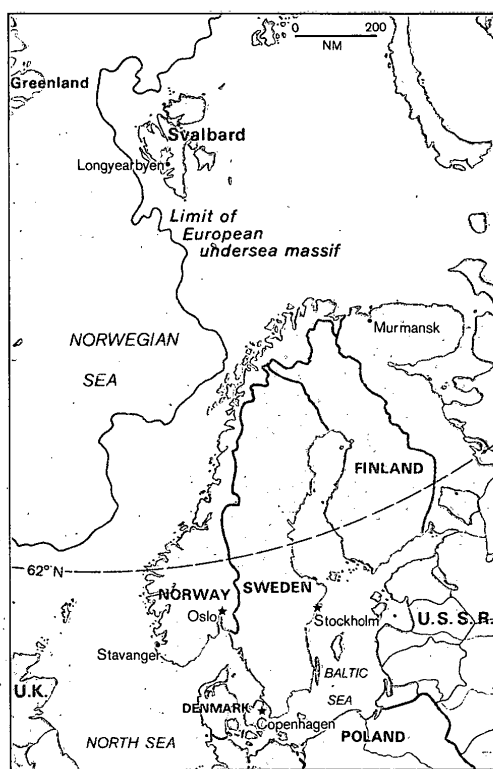
USSR

The Communist Party Central Committee held a one-day session yesterday to discuss and approve the 1975 economic plan and next year's state budget. The plenum accomplished the minimum in terms of personnel shifts when it removed Petr Demichev from the secretariat.

Demichev, who remains a candidate Politburo member, was expected to be removed because of his recent appointment as minister of culture. The failure to announce a new party secretary in Demichev's place suggests either that an incumbent secretary has picked up his cultural portfolio or that the leadership has not decided who to choose. Whoever gets the responsibility will have a direct impact on the implementation of cultural policy, and thus on the USSR's image abroad during this time of detente.

The plenum's decisions on the budget and economic plan will be approved at tomorrow's scheduled meeting of the Supreme Soviet. The one-day gap between the party plenum and the parliamentary conclave is unusual, but not unprecedented.

Neither speeches nor the full text of the plenum's resolution, which apparently focuses on the economic issues, are yet available.



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NOTES

Norway: The Norwegian foreign minister's statement of December 10, which, in effect, laid Norway's claim to the continental shelf around the Svalbard Archipelago, continues to arouse concern. The French reportedly have protested orally, and the UK, Denmark, and the US have expressed reservations. The Netherlands is the latest to consider a protest. The Dutch are worried that Norway might grant the Soviets preferential treatment in exploiting potential mineral resources in the archipelago. Underlying this concern is Dutch anxiety over the whole question of how best to counter Soviet advantages in the area and how to maintain the security of oil installations in adjacent seas.

Iraq: The Iraqi air force lost two aircraft to Iranian surface-to-air missiles this past weekend; one was a TU-16 medium jet bomber. Baghdad radio claimed the aircraft were hit by American-made Hawk missiles fired by Iranian units. The Iranians do not have Hawk missiles in Iraq, but a week ago two units equipped with British-made Rapier missiles moved into the area of the shoot-down. Since the hostilities against the Kurds resumed some nine months ago, Iraq has lost more than 40 planes, about 10 percent of its aircraft and helicopter force.

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